

# FISCAL IMPACT STATEMENT ON BILL NO. **H. 3186**

(Doc. No. 19319ab09.docx)

---

TO:	The Honorable Leon Howard, Chairman, House Medical, Military, Public and Municipal Affairs Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein, Torina Wood, Allan Kincaid		
DATE:	March 9, 2009	SBD:	2009022

---

AUTHOR:	Representative Chalk	PRIMARY CODE CITE:	44-70-10
SUBJECT:	Licensure of In-Home Care Providers		

---

## ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

## ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

A Cost of Federal and Other Funds (See Below)

---

### **BILL SUMMARY:**

House Bill 3186 would create a new Chapter 70 under Title 44 of the Code of Laws of South Carolina, 1976, relating to the licensure and regulation of “in-home care providers” to be administered by the Department of Health & Environmental Control (DHEC). The Bill defines “in-home care provider” as a person or business entity, and exempts home health agencies, hospices, anyone licensed under Section 44-7-260 (licensed health care facilities) and individuals who provide in-home care at no more than four locations provided that recipients at each location are related family members. The Bill requires DHEC to promulgate regulations to include the imposition of a license fee that must be used to offset the cost of operating the program. The Bill requires licensees to provide evidence of a communicable disease screening and fingerprint-based criminal background checks by SLED; and the FBI if the applicant cannot provide evidence of South Carolina residency for the past year.

### **EXPLANATION OF IMPACT:**

#### Department of Health & Environmental Control (DHEC)

As this is currently an unregulated category, the actual number of in-home care providers in South Carolina is unknown. However, DHEC (using an estimate of 300 - 500 entities that would seek licenses) estimates first year program costs at \$311,508 (including \$264,439 in recurring salaries and fringes for 7.50 FTEs, \$8,000 for operating expenses and \$39,069 in one-time start-up costs). Recurring costs each year thereafter are estimated at \$272,439. The license fee would be set so as to fully cover the annual operating costs of the program and there would be no fiscal impact on the General Fund of the State resulting from the licensing and criminal records check processing responsibilities placed on DHEC. Based on these estimates, the license fee would likely range from \$625 to \$1,040 per provider (see Special Notes below).

#### Department of Mental Health (DMH)

DMH contracts with approximately 260 individuals to provide in-home care services to clients in its Home Share program. DMH assumes the costs associated with provider compliance would ultimately be passed on to the Department.

DMH estimates a total recurring cost of \$28,990 to the General Fund for the cost of criminal records checks and disease screenings. DMH reports approximately 5% of in-home care providers do not meet the residency requirements of the Bill and estimates the cost of these record checks and screenings at approximately \$140 per individual or \$1,820. For the remaining providers, recurring SLED background checks and communicable disease screenings are estimated to be approximately \$110 per individual or \$27,170. This does not include the cost of DHEC license fees which have yet to be determined.

#### Department of Disabilities and Special Needs (DDSN)

DDSN contracts with thirty-nine Disabilities and Special Needs (DSN) Boards, six qualified provider companies and 2,750 approved individuals to provide in-home care services to its clients. DDSN indicates there are no financial resources available to its in-home care providers to cover the cost of licensing. Therefore, in order to ensure uninterrupted service delivery to its clients, DDSN anticipates the need to assume the costs associated with licensure for each of these providers.

DDSN estimates a total recurring cost of \$343,500 (\$225,336 State funds; \$118,164 Other funds) for SLED and FBI criminal background checks and communicable disease screenings. DDSN reports approximately 15% of in-home care providers do not meet the residency requirements of the Bill and estimates approximately \$140 per individual or \$63,000 (\$41,328 State funds; \$21,672 Other funds) for the cost of record checks and screenings. For the remaining providers, recurring SLED background checks and communicable disease screenings are estimated to be approximately \$110 per individual or \$280,500 (\$184,008 State; \$96,492 Other). This does not include the cost of DHEC license fees which have yet to be determined. DDSN's waiting list would be negatively impacted if the agency has to use existing resources to compensate in-home care providers for their additional licensing costs.

#### Department of Health and Human Services (DHHS)

DHHS reports it currently contracts with 29 individuals and 140 provider companies that would need to be licensed under this Bill. License fees and associated costs incurred by providers, as a cost of providing services to Medicaid-eligible recipients, may be passed on to DHHS if the approved Medicaid reimbursement rates are modified to include these additional fees/costs. However, contracts would have to be amended for there to be a direct impact on DHHS.

#### State Law Enforcement Division (SLED)

At this time the agency has not reported that there will be any cost to the General Fund of the State or to Federal and/or Other funds.

#### Recapitulation

Total first year impact can be estimated at \$683,998 of which \$254,326 would be State General Funds assuming the costs of provider compliance would ultimately impact DMH and DDSN expenditures. These costs exclude consideration of the annual license fee paid to DHEC and any potential impact on DHHS resulting from amended contracts. The Bill does not clarify if provider criminal background checks are to be conducted annually or just the first year of licensure. Therefore, the costs could be considerably less after the first year depending on legislative intent.

#### **LOCAL GOVERNMENT IMPACT:**

None.

#### **SPECIAL NOTES:**

DHEC indicates that DMH, DDSN and DHHS may choose to seek a license under this Bill. If DMH, DDSN and DHHS choose to become licensed, any in-home care providers directly under contract to those agencies would be covered under that agency's license and would not need to apply for a separate individual license.

Approved by:



Harry Bell  
Assistant Director, Office of State Budget